

ATTACHMENT E

STATE OF WISCONSIN INVESTMENT BOARD STATE INVESTMENT FUND

INVESTMENTS SEPTEMBER 30, 1995
Showing Percentage of Total Value of Investments

	Maturity Date	Annualized Yield at Time of Purchase	Amortized Cost	Market Value
Cash - 5.95%				
Cash - U.S. Dollar				
Total Cash:			\$256,261.807	\$256,261.807
			<u>\$256,261.807</u>	<u>\$256,261.807</u>
Short Term Instruments - 5.98%				
Demands Notes - .48%				
Student Loan Marketing Association	9-Aug-96	5.73%	\$25,000.000	\$25,210.896
Wachovia Bank	20-Nov-95	5.74%	\$25,000.000	\$25,019.931
			<u>\$50,000.000</u>	<u>\$50,230.826</u>
Certificates of Deposit - 1.53%				
Associated Bank Milwaukee	19-Oct-95	5.99%	\$15,000.000	\$15,182.196
Bank of Little Chute	19-Oct-95	5.99%	\$2,250.000	\$2,277.329
Bank One Beaver Dam	19-Oct-95	5.99%	\$7,500.000	\$7,591.098
F & M Bank Waukegan County	19-Oct-95	5.99%	\$500.000	\$506.073
First State Bank	19-Oct-95	5.99%	\$500.000	\$506.073
Firststar Bank Appleton	19-Oct-95	5.99%	\$5,300.000	\$5,364.376
Firststar Bank Fox Du Lac	19-Oct-95	5.99%	\$10,000.000	\$10,121.464
Firststar Bank Manitowoc	19-Oct-95	5.99%	\$7,500.000	\$7,591.098
Heritage Bank and Trust	19-Oct-95	5.99%	\$5,000.000	\$5,060.732
State Bank of East Roy	19-Oct-95	5.99%	\$1,500.000	\$1,518.220
Wachovia Bank	25-Jan-96	7.18%	\$25,000.000	\$26,221.767
			<u>\$80,050.000</u>	<u>\$81,940.426</u>
Repurchase Agreements - 43.73%				
Open Repurchase Agreements				
	1-Oct-95		\$2,268,743.000	\$2,268,743.000
			<u>\$2,268,743.000</u>	<u>\$2,268,743.000</u>
Governments & Agencies - 1.93%				
Federal National Mortgage Association				
U.S. Treasury Bills	1-Jul-96	5.75%	\$49,942.296	\$50,659.278
	11-Jan-96	7.02%	\$49,076.248	\$49,230.000
			<u>\$99,018.544</u>	<u>\$99,889.277</u>
Futures/Options - 0.00%				
Interest Rate Swaps/Knockout Options				
	Various		\$0	\$58.642
			<u>\$0</u>	<u>\$58.642</u>

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INVESTMENTS SEPTEMBER 30, 1995
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	Maturity Date	Annualized Yield at Time of Purchase	Amortized Cost	Market Value
Discount Notes - 3.72%				
Amoco Managers Acceptance	24-Oct-95	5.33%	\$16,937,006	\$16,931,490
Associated Bank Milwaukee	27-Oct-95	5.77%	\$995,854	\$995,540
Associates Corp. NA	12-Oct-95	5.77%	\$4,991,231	\$4,989,650
Associates Corp. NA	20-Oct-95	5.73%	\$3,987,967	\$3,986,720
Federal Home Loan Mortgage Corp.	2-Nov-95	5.68%	\$12,935,289	\$12,904,667
Federal Home Loan Bank Corp.	25-Jan-96	7.33%	\$9,780,079	\$9,775,712
Federal National Mortgage Association	3-Nov-95	5.67%	\$49,745,167	\$49,737,444
Golden Managers Acceptance Corp.	1-Nov-95	5.93%	\$19,900,111	\$19,893,600
Marshall & Illiev	2-Oct-95	5.76%	\$9,998,408	\$9,995,200
Merrill Lynch	3-Nov-95	5.77%	\$18,900,203	\$18,894,170
Tiger Managers Acceptance Corp.	24-Oct-95	5.82%	\$19,925,889	\$19,919,400
Twin Towers Incorporated	25-Oct-95	5.79%	\$24,904,000	\$24,896,000
			\$193,001,203	\$192,919,593
Total Short Term Instruments:				
			\$2,690,812,747	\$2,693,781,765
Domestic Fixed Income - 43.65%				
Corporates - 6.66%				
Anagram Funding Corporation	22-Sep-90	6.42%	\$25,000,000	\$25,036,421
Asset/Liability Funding Corporation	20-Oct-95	3.69%	\$5,500,000	\$5,510,609
Asset/Liability Funding Corporation	19-Oct-98	5.40%	\$25,000,000	\$25,025,457
Bayerische Landesbank	4-Mar-98	5.12%	\$106,693,653	\$104,310,938
Delaware Intermediate Term Note	20-Oct-97	5.40%	\$4,239,121	\$4,307,061
EQK Green Acres Funding Corporation	19-Aug-98	5.65%	\$25,000,000	\$25,387,326
General Electric Capital Corporation	3-Jun-96	4.48%	\$50,000,000	\$50,210,236
General Electric Capital Corporation	14-Feb-97	4.92%	\$6,100,000	\$5,816,824
Goldman Sachs Group	23-May-98	9.15%	\$25,000,000	\$22,350,164
Goldman Sachs Group	3-Jun-98	9.15%	\$25,000,000	\$22,426,096
Securitized Triple A Receivables Corp.	21-Jul-97	3.52%	\$8,000,000	\$8,007,186
Toyota Motor Credit Corporation	10-Aug-98	5.00%	\$25,000,000	\$21,150,000
Walt Disney Corporation	6-Oct-97	3.60%	\$10,000,000	\$10,195,630
Water Tower Finance Corporation	30-Apr-97	4.76%	\$15,000,000	\$15,365,250
			\$355,532,774	\$345,099,198
U.S. Treasuries - 15.16%				
U.S. Treasury Notes	31-Oct-95	6.54%	\$473,943,841	\$481,942,598
U.S. Treasury Notes	31-Jan-96	7.06%	\$49,517,571	\$50,071,957

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INVESTMENTS SEPTEMBER 30, 1995
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	Maturity Date	Annualized Yield at Time of Purchase	Amortized Cost	Market Value
U.S. Treasury Notes	27-Feb-96	7.41%	\$99,695,271	\$99,983,884
U.S. Treasury Notes	15-Feb-95	7.09%	\$143,824,603	\$153,857,036
			\$766,981,286	\$785,855,475
U.S. Government Agencies - 8.27%				
Federal Home Loan Bank Corp.	23-Jan-97	6.67%	\$19,721,664	\$19,859,843
Federal Home Loan Mortgage Corp.	23-Jun-96	4.60%	\$50,000,000	\$50,156,667
Federal Home Loan Mortgage Corp.	14-Jan-97	5.42%	\$50,000,000	\$50,776,444
Federal Home Loan Mortgage Corp.	3-Jun-96	5.80%	\$9,996,581	\$10,105,507
Federal National Mortgage Association	25-Jan-96	5.27%	\$49,980,918	\$50,400,658
Federal National Mortgage Association	16-Feb-96	6.06%	\$100,000,000	\$100,590,000
Federal National Mortgage Association	10-Sep-99	7.41%	\$1,149,199	\$1,131,264
GICTF Israel "V-Bone"	3-Aug-96	8.00%	\$20,000,000	\$20,235,556
Student Loan Marketing Association	14-Oct-97	4.93%	\$49,974,217	\$50,581,554
Student Loan Marketing Association	17-Oct-97	5.44%	\$14,994,949	\$15,125,458
Student Loan Marketing Association	20-Nov-97	4.91%	\$36,801,507	\$36,967,116
Student Loan Marketing Association	6-Aug-96	6.92%	\$22,466,301	\$22,618,778
			\$425,085,336	\$428,548,845
Mortgage-Backed Securities - 3.58%				
AFC Home Equity Loan Trust 1992-1A	1-Mar-07	7.59%	\$4,390,895	\$4,476,094
CFC-5 Grantor Trust	1-Jul-04	8.90%	\$839,351	\$846,267
CTS Home Equity Loan Trust 1991-2A	1-Sep-06	7.83%	\$4,271,037	\$4,377,655
Countrywide Funding Corp. 1994-7 A5	1-Mar-24	6.50%	\$93,820,022	\$92,564,398
Federal Home Loan Mortgage Corp. 1535-PG	1-Dec-18	5.00%	\$4,257,431	\$3,548,480
Federal Home Loan Mortgage Corp. 1346-PK	1-Jul-97	5.48%	\$2,980,334	\$3,022,733
Federal Home Loan Mortgage Corp. 1346-PP	1-Jul-97	5.54%	\$2,916,501	\$2,933,614
Federal Home Loan Mortgage Corp. 1349-PK	1-Jul-97	5.78%	\$2,784,910	\$2,801,667
Federal Home Loan Mortgage Corp. 1349-PP	1-Aug-97	5.40%	\$2,795,782	\$2,806,955
Federal Home Loan Mortgage Corp. 1365-PK	1-Aug-97	7.49%	\$2,876,127	\$2,924,689
Federal National Mortgage Association 1993-73 FB	25-May-23	3.35%	\$14,060,971	\$14,042,872
Federal National Mortgage Association 92-139 A	1-Aug-07	5.40%	\$9,611,001	\$9,214,993
Federal National Mortgage Association 92-31 D	1-Aug-15	7.21%	\$178,803	\$483,122
Federal National Mortgage Association 92-92 D	1-Feb-16	6.00%	\$131,299	\$471,021
Federal National Mortgage Association Pool #070225	1-Jan-19	8.78%	\$2,512,543	\$2,502,321
Goldman Sachs Trust Collateralized Mortgage TR-7	1-Jun-18	9.78%	\$1,347,307	\$1,423,714
SMM Trust 1995-L	17-Jun-96	6.12%	\$24,994,397	\$25,111,340
Wisconsin Veterans Affairs	23-May-99	5.31%	\$9,886,917	\$10,137,385
			\$184,655,627	\$185,689,321
Asset-Backed Securities - 9.95%				
Advanta Mortgage Loan Trust 1994-2	25-Jul-25	4.78%	\$9,327,682	\$9,264,790

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STATE OF WISCONSIN INVESTMENT BOARD
STATE INVESTMENT FUND

INVESTMENTS SEPTEMBER 30, 1995
Showing Percentage of Total Value of Investments

	Maturity Date	Normalized Yield at Time of Purchase	Amortized Cost	Market Value
Capital Home Equity Loan Trust 1990-1A	31-Dec-97	5.32%	\$15,076,695	\$15,112,750
Capital Home Equity Loan Trust 1990-1B	31-Dec-97	5.34%	\$99,763	\$99,983
Case Equipment Loan Trust 1993-A	15-Mar-02	7.02%	\$22,713,092	\$23,161,302
Case Equipment Loan Trust 1993-A A2	15-Jun-96	5.45%	\$2,516,047	\$2,520,232
Eagle Credit Trust 1994-3	15-Aug-00	6.39%	\$6,086,297	\$6,026,540
FDIC Remit Trust 1994-C1	25-Jan-25	5.15%	\$6,999,015	\$7,006,335
First USA Credit Card Master Trust 1993-2	15-Apr-99	5.34%	\$25,000,000	\$25,081,944
Fleetwest Credit Corporation 1989-A Grantor Trust	15-Oct-04	3.92%	\$1,936,551	\$1,994,991
Ford Credit 1994-A Grantor Trust	15-May-99	6.36%	\$13,170,339	\$13,253,236
HFC Home Equity Loan 1989-1	15-Jun-04	5.12%	\$1,122,088	\$1,129,945
HFC Home Equity Loan 1989-2	20-Dec-04	4.26%	\$2,826,651	\$2,844,434
HFC Home Equity Loan 1992-1	20-May-07	4.18%	\$6,737,217	\$6,787,791
HFC Home Equity Loan 1992-2	20-Oct-07	3.73%	\$8,571,606	\$8,635,937
HFC Home Equity Loan 1993-2	20-Dec-08	3.49%	\$10,340,313	\$10,359,626
HFC Revolving Home Equity Loan Trust 1992-1	15-Nov-17	3.94%	\$17,391,759	\$17,333,440
ITT Floorplan Receivables Master Trust 1994-1	15-Feb-01	3.77%	\$24,991,635	\$25,105,000
John Deere Owner Trust 1993-A	29-Apr-00	3.50%	\$6,025,488	\$6,093,576
Lehman Home Equity Loan Trust	15-Aug-18	3.50%	\$17,255,585	\$17,361,923
Lehman Home Equity Loan Trust 1993-3	20-Dec-18	3.58%	\$9,384,380	\$9,448,915
Marine Midland Home Equity Loan Trust 1991-A	7-Dec-97	6.68%	\$889,912	\$892,447
MBNA Master Credit Card Trust 1994-D	15-Mar-00	5.00%	\$30,000,000	\$30,100,800
MBNA Master Credit Card Trust 1993-1	15-Mar-00	3.42%	\$25,000,000	\$25,146,111
MBNA Master Credit Card Trust 1994-B	15-Jan-02	5.16%	\$25,000,000	\$24,939,944
Merrill Lynch Home Equity Loan Trust 1989-2	15-Nov-99	6.40%	\$3,983,428	\$3,986,925
Merrill Lynch Home Equity Loan Trust 1993-1	15-Feb-03	3.85%	\$18,193,202	\$18,183,940
Merrill Lynch Home Equity Loan Trust 1994-2	15-Aug-04	5.31%	\$7,617,970	\$7,638,920
Merrill Lynch Home Equity Loan Trust 1992-1	15-Jul-22	3.71%	\$14,935,885	\$14,935,885
Merrill Lynch Home Equity Loan Trust 1994-1	15-Jul-22	3.52%	\$8,934,949	\$8,959,441
Merrill Lynch Credit Corporation 1994-A	15-Jul-19	4.80%	\$18,291,435	\$18,347,859
MNC Home Equity Loan Trust 1992-1	31-Aug-97	3.74%	\$7,543,008	\$7,587,042
MNC Home Equity Loan Trust 1993-1	1-Dec-01	3.59%	\$6,195,168	\$6,230,260
Resolution Trust Corporation 1992-A	25-Feb-22	4.25%	\$18,978,952	\$19,526,860
Resolution Trust Corporation 1992-C3	25-May-22	4.95%	\$11,369,849	\$11,297,534
Resolution Trust Corporation 1992-HEL-1	25-Jul-23	3.87%	\$10,962,043	\$10,971,412
Resolution Trust Corporation 1992-7	25-Jan-24	4.31%	\$12,210,509	\$12,685,047
Ryland Acceptance Corporation 1998-A	25-Jun-23	5.12%	\$17,838,106	\$13,937,135
Standard Credit Card Master Trust 1991-3	7-Sep-99	3.73%	\$50,000,000	\$54,405,417
Structured Coupon Interest Receipt Trust 1993-1 CR1	10-Jul-98	3.83%	\$2,006,541	\$1,556,711
Structured Coupon Interest Receipt Trust 1993-1 CR2	10-Sep-98	3.66%	\$4,255,146	\$3,195,370
WHEAL 1994 Series A	1-Dec-99	6.10%	\$12,275,000	\$12,524,592
			<u>\$514,053,303</u>	<u>\$515,672,352</u>
Total Domestic Fixed Income			<u>\$2,246,308,327</u>	<u>\$2,260,868,190</u>

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STATE OF WISCONSIN INVESTMENT BOARD
STATE INVESTMENT FUND

INVESTMENTS SEPTEMBER 30, 1995
Showing Percentage of Total Value of Investments

	Maturity Date	Annualized Yield at Time of Purchase	Amortized Cost	Market Value
Restructured Investments - (0.97%)				
Structured Notes - 0.55%				
Grantor Trust 1994-B	29-Aug-97		\$35,000,000	\$17,893,750
Student Loan Marketing Association	19-Mar-96		\$13,000,000	\$10,565,393
			<u>\$48,000,000</u>	<u>\$28,459,143</u>
SWAPS - (1.52%)				
Mexican-Sovereign Restructured Swap	15-Mar-05		\$0	(\$44,231,826)
Mirror and Amortizing Restructured Swaps	Various		\$0	(\$34,521,422)
			<u>\$0</u>	<u>(\$78,753,248)</u>
Total Restructured Investments			<u>\$48,000,000</u>	<u>\$50,294,105</u>
International Fixed Income - (0.42%)				
Dollar Denominated - 0.42%				
Aircraft Leasing Portfolio	23-Jun-97	5.80%	\$21,000,000	\$21,567,791
Total International Fixed Income			<u>\$21,000,000</u>	<u>\$21,567,791</u>
Total Investments - 100%			<u>\$5,262,182,881</u>	<u>\$5,182,182,449</u>

ATTACHMENT F

STATE INVESTMENT FUND

DESCRIPTION. The State Investment Fund (SIF) is the investment vehicle for cash and short-term monies in various fixed and variable trust fund portfolios and other state and local government funds.

PORTFOLIO PURPOSE AND OBJECTIVES. The goals for the portfolio are in order of priority: safety of principal; liquidity (availability of cash when needed); and rate of return. The SIF invests the primary reserves of the State, agencies, pension funds, municipalities and others in a commingled fund to maximize safety. To this end, investments tend to include direct obligations of the U.S. and Canadian government, certificates of deposit issued by banks in the U. S. and any other investments as set forth below or approved by the Board of Trustees.

DELEGATED AUTHORITY. The Board of Trustees has delegated authority to staff to sell any SIF holding and to make investments in the SIF, provided each investment falls within these guidelines at the time of purchase.

ASSET ALLOCATION

(Percent of Portfolio at Par Value)

Treasuries and Agencies	50 - 100%
Commercial Paper and Notes	0 - 30%
CD's and BA's	0 - 30%
Asset Backed	0 - 30%
Mortgage Backed	0 - 30%
Canadian(fully hedged)	0 - 20%
Yankee/Euro(fully hedged)	0 - 10%

CREDIT QUALITY

(Minimum Rating)

The instrument (or issuer/guarantor where an investment is not rated) must have at least the following credit quality rating.

Repurchase Agreements	U.S. Treasuries and Agencies or securities that meet the other investment guidelines
Commercial Paper	A1 by S&P or P1 by Moody's or D1 by Duff & Phelps or F1 by Fitch
Commercial Notes	AA by S&P or Aa2 by Moody's or AA by Duff & Phelps or AA by Fitch
Certificates of Deposit	1,2 or 3 by Cates or B by Thompson BankWatch or Top 80 to 90% of SWIB Bank System or LOC from FHLB of Chicago
Bankers Acceptances	Same as CD's

Asset Backed	AA by S&P or Aa2 by Moody's or AA by Duff & Phelps or AA by Fitch
Mortgage Backed	AA by S&P or Aa2 by Moody's or AA by Duff & Phelps or AA by Fitch
Canadian	AA by S&P or Aa2 by Moody's
Yankee/Euro - commercial paper	A1+ by S&P or P1 by Moody's
- CD's, BA's	B by Thompson Bankwatch or AA by S&P or Aa2 by Moody's
- notes	AAA by S&P or Aaa by Moody's

MATURITY GUIDELINES

(maximum)

The portfolio weighted average maturity will not exceed one year, consistent with portfolio purpose and objectives. Maturity of floating rate securities shall be based on interest rate reset dates except as specified below.

At this time of purchase, the following maturity limits shall apply to each instrument.

Repurchase Agreement Collateral	10 years
Treasuries and Agencies	5 years
Commercial Paper	270 days
Commercial Notes	3 years
Certificates of Deposit	3 years
Bankers Acceptances	1 year
Asset Backed - fixed rate	3 years or less average life
- floating rate	4 years or less average life
Mortgage Backed - fixed rate	3 years or less average life
- floating rate	4 years or less average life
Canadian	2 years
Yankee/Euro	2 years
Reverse Repurchase Agreements	1 day

ISSUER EXPOSURE

(Maximum Size at Par Value)

The maximum exposure for each issuer/guarantor shall be in the aggregate (unless specified as per issue) as follows.

U.S. Treasury Bills and U.S. Agency Discount Notes	No limit
U.S. Treasury Notes (per issue)	\$500 million
U.S. Agency Notes (per issue)	\$250 million
A1+, P1 Short Term Rating and AAA Long Term Rating	\$100 million
A1+, P1 Short Term Rating and AA Long Term Rating	\$ 75 million

A1+ or P1 or D1 + Short Term Rating	\$ 50 million
A1 or P1 or D1 Short Term Ratings	\$ 25 million
AAA Corporate Rating	\$100 million
AAA Asset Backed Rating (per issue)	\$ 50 million
AAA Mortgage Backed Rating (per issue)	\$ 50 million
AA Corporate Rating	\$ 25 million
AA Asset Backed Rating (per issue)	\$ 15 million
AA Mortgage Backed Rating (per issue)	\$ 15 million
A Bank Instrument Rating By Thompson BankWatch or 1 by Cates or AAA by S&P or Aaa by Moody's	\$100 million
A/B Bank Instrument Rating by Thompson BankWatch or 2 by Cates or AA+ by S&P or Aa1 by Moody's	\$ 50 million
B Bank Instrument Rating by Thompson BankWatch or 3 by Cates or AA by S&P or Aa2 by Moody's	\$ 25 million
SWIB Bank-Rate System Qualified-Wisconsin Bank Program (unless a higher limit from another category applies)	\$ 25 million or 3% of assets, whichever is less.
Canadian Government Bills and Notes	\$250 million
Reverse Repurchase Agreements	\$200 million

DERIVATIVES AUTHORITY

Each derivative transaction must be approved by the SWIB Derivatives/Risk Committee and be done within statutory and the following limitations as described below:

Derivatives authority is limited to positions in financial futures, options and swaps and only if the purpose is to hedge existing positions, to adjust portfolio duration within statutory guidelines, or otherwise to reduce the interest rate risk to which SWIB is subjected in the normal course of business. Interest only and principal only securities, inverse floaters, and off balance sheet synthetic derivatives are not permitted.

Eligible contracts are: 1)U.S. Treasury Bill(IMM); 2)Certificate of Deposit (IMM); 3)Eurodollar Time Deposit(IMM); 4)Two Year Note Contract(CBT); 5)Five Year Note Contract(CBT).

Eligible options are those on the contracts listed above and over-the-counter options.

Swap counterparties must be rated "B" by Thompson BankWatch, "A-1"/"A" by S&P, or "P-1"/"a" by Moodys. Dealers must be recognized by and report to the Federal Reserve.

Futures, options or swaps must be identified with a specific asset or group of assets (the hedged position) at the time the contract is executed.

When an underlying asset position (the hedged position) is closed, the corresponding asset swap, futures or options position forming the hedge must also be closed.

The purpose of the transaction must be explicitly stated at the time of execution and a written record of purchases and sales of contract maintained.

EMERGENCY AUTHORITY

The Executive Director or, in his or her absence, the Assistant Executive Director may suspend any of the limits set forth above in an emergency after an attempt has been made to reach a majority of the Board. The members of the Board shall be notified by the end of the following business day of the reason for the suspension of the limits.

ATTACHMENT C

State of Wisconsin Investment Board Assets Under Management and Operating Expenses Includes 7.0 FTE from Audit Legislation and 8.0 FTE to address Risk Management Needs

Fiscal Year	Assets Under Management		Actual Operating Expenditures		
	At Year End	Average Assets Over Year	Amount	Basis Points (e)	Positions
1984	\$10,014,913,000	\$9,344,413,000	\$1,821,354	1.949	45.0
1985	12,346,979,000	11,180,946,000	2,072,706	1.854	52.0
1986	15,250,647,000	13,798,813,000	2,837,093	2.056	54.0
1987	17,978,744,000	16,614,695,500	2,927,886	1.762	57.0
1988	18,239,473,000	18,109,108,500	3,200,018	1.767	59.0
1989 (a)	21,123,360,000	19,681,416,500	4,266,600	2.168	63.0
1990	23,380,847,000	22,252,103,500	5,591,300	2.513	65.0
1991	25,680,415,000	24,530,631,000	5,533,300	2.256	65.0
1992	29,186,270,000	27,433,342,500	5,859,800	2.136	74.5
1993	33,334,618,000	31,260,444,000	6,194,500	1.982	74.5
1994	34,469,000,000	33,901,809,000	6,926,903	2.043	78.5
1995	37,809,000,000	36,139,000,000	7,465,451	2.066	79.5
1996	41,873,467,500 (b)	39,841,233,750	8,186,200 (c)	2.055	98.5
1997	46,374,865,256 (b)	44,124,166,378	8,996,500 (d)	2.039	98.5
% Change					
1984 to 1997	363.1%	372.2%	393.9%	4.6%	118.9%

NOTES:

- First Full Year of Management flexibility
- Estimated growth in assets is ~~7.5%~~ 10.75%.
- Estimated expenditures based upon budget authority plus the impact of 3 months of Audit Committee Legislation and 2 months of Risk Management resource needs in FY96.
- Estimated expenditures based upon budget authority plus the impact of 12 months of Audit Committee Legislation and 12 months of Risk Management resource needs in FY97.
- "Average Assets" are used to compute basis points

State of Wisconsin Investment Board

P.O. Box 7842, Madison WI 53707 (608) 266-2381

MEMORANDUM

Date: 29 January 1996

To: Trustees

From: Patricia Lipton 

Re: Risk Management Resource Needs

Our risk management resource needs are in three broad areas:

1. Organizational structure and staffing levels.
2. Compensation policies and personnel practices.
3. Information systems planning and resources.

As we discussed at our last meeting, we were advised to address further staffing needs associated with risk management using a supplemental request to the Department of Administration (DOA) and Joint Committee on Finance. This request has been developed and is described in Attachment A. The process we followed to prepare this request and our plan to address other needs is described below.

Organizational Structure and Staffing Levels

In October 1994, changes were made in the organization of the domestic equities and fixed income divisions to: (1) improve the allocation of portfolio management responsibilities among proven staff; (2) provide greater diversification of investment style; and (3) promote teamwork and a more efficient allocation of workload among analysts.

Over the last several months, the Board has discussed and approved additions to the current organizational structure so that added attention can be given to risk management. This structure will incorporate the positions of chief investment officer, chief operating officer and internal auditor into senior management (see Attachment B).

As the next step in this process, we undertook a comprehensive review of staffing patterns and workload below the senior management level. The purpose of this exercise was to determine where there may be risk due to inadequate analytical support or lack of sufficient back-up in our investment divisions. Other areas of SWIB were also reviewed to determine whether they are adequately staffed to meet additional reporting and oversight responsibilities which are being implemented.

At the December Board meeting, we summarized the conclusions from this review. Since December, there has been further review of the timing and priority of the items which were identified. A number of needs have been identified as being more immediate. They would be addressed in a request to DOA and the Joint Finance Committee in February. Other needs may be somewhat longer term. Therefore, the process we are following is to address staffing needs in three stages as follows:

7&8/Feb/96
EX-96-75

State of WI Investment Bd

- **Joint Audit Committee Legislation.** SB 402/AB 664 provide 7.0 additional positions for selected areas, effective April 1, 1996 (see Attachment B). These resources will become available to us after the Assembly and Senate have concurred on the legislation and it has been signed by the Governor.
- **Supplemental Request to DOA and the Joint Committee on Finance.** We have identified an immediate need for 8.0 additional positions for oversight and reporting concerns. These positions are described on Attachment A and noted on Attachment B. They would be included in our request to DOA and Joint Finance Committee (under s. 16.505/515 of the Statutes). We expect that the Committee's review of this request could be completed in March. Attachment C shows our budget and staffing levels in comparison to the amount of assets managed, with the approval of this request.
- **1997-99 Biennial Budget Request.** Other staffing needs would be presented as part of our next biennial budget request (which covers the two-year period beginning July 1, 1997). The biennial budget discussions would also be an appropriate place to consider any broader changes to our budget authority (such as budgeting based on a percentage of assets under management). Our request will be developed in discussions with the Board beginning this summer. Our request will probably need to be submitted in September.

Compensation Policies and Personnel Practices

There are several matters to be addressed in this area. Release of bonus compensation funds for 1995 and 1996 requires that the Joint Committee on Finance approve the plan submitted by the Board in November. The Co-Chairs of the Finance Committee have indicated that this item will be scheduled for their next quarterly meeting in March. We are proposing no further changes to the plan previously approved by the Board.

Within the next several months, we are planning to begin a discussion with Benchmark Committee regarding bonus distribution policies for 1997 and thereafter. This review would be done in the context of SWIB's overall compensation structure and personnel policies. Changes to the total amount available for bonus distribution or maximum awards would require statutory changes that could be presented to the Governor and Legislature in our 1997-99 biennial budget request.

Information Systems

We anticipate that our strategic information systems plan will be completed in time to address staffing and resource needs in our 1997-99 biennial budget request. An additional staff position is included in the Audit Committee's legislation to assist with preparation of the strategic plan.

Motion: To recommend Board of Trustee approval of a supplemental (s. 16.505/515) budget request for 8.0 additional positions to address immediate risk management and reporting needs.

F:\USER\JOHNSK\WORDPROC\BOARD\MARCH16.505\January 29, 1996

7&8/Feb/96
EX-96-75

State of WI Investment Bd

Wants 9.0 positions in
audit committee
- feel we're
handing out
each of flexibility
- Bd "shows
cause of why
in this
also limitation

ATTACHMENT A

State of Wisconsin Investment Board March Supplemental Resource Request (Section 16.515/505)

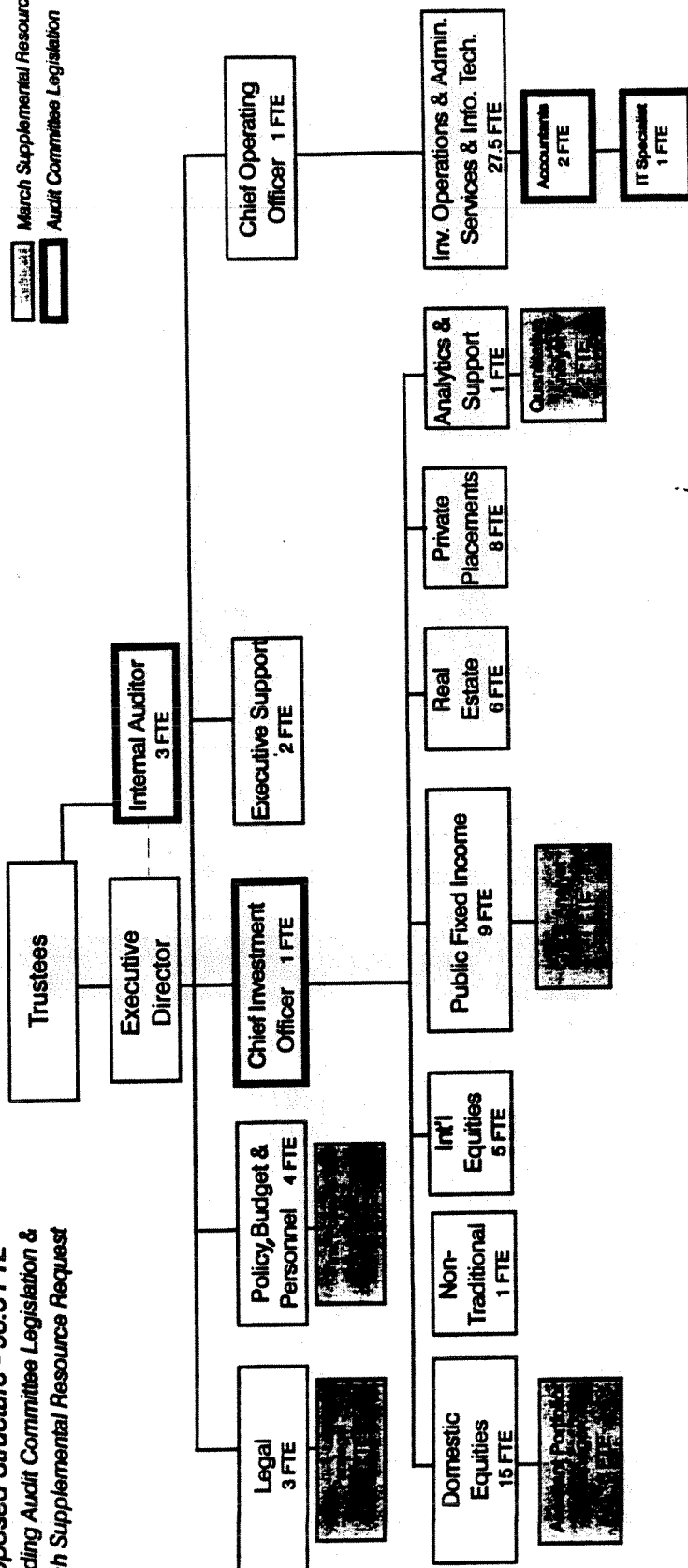
Annualized
Costs

Assistant Portfolio Managers - Domestic Equities Request 3.0 positions and \$62,200 in FY 96 and \$274,300 in FY 97 to provide an Assistant Portfolio Manager for each of the three domestic equities portfolios. Each portfolio now includes approximately \$5 billion in assets. These staff would assist in the development and execution of strategies, and monitor trading activity and price movements. These positions would also provide short-term back-up for the portfolio managers and reduce risk associated with staff departures.	\$274,300
Credit Analyst - Public Fixed Income Request 1.0 Credit Analyst position and \$15,300 in FY 96 and \$58,800 in FY 97 to shorten the credit review cycle from 18 to 12 months and to expand coverage to new companies and industries for bond portfolios.	\$ 58,800
Quantitative Investment and Risk Analyst Request 2.0 Quantitative Risk Analysts and \$30,600 in FY 96 and \$109,600 in FY 97 for the investment analytics group to perform analysis of risk, performance and asset allocation for the Chief Investment Officer.	\$109,600
Investment Policy and Information Specialist Request 1.0 Investment Policy and Information Specialist and \$14,800 in FY 96 and \$50,200 in FY 97 to assist in providing expanded reporting and information to beneficiaries, the Legislature and the public. This position will assume a lead role in the preparation of an expanded Annual Report and other informational materials. The position will also play a lead role in staffing the toll-free information line for participants.	\$ 50,200
Paralegal Request 1.0 Paralegal position and \$13,000 in FY 96 and \$38,700 in FY 97 to support the increased workload associated with minutes and proceedings of new Board and staff committees, outside counsel, and increases in compliance reporting requirements.	\$ 38,700
Grand Total Resource Needs (8 FTE) (FY96 projections assume a May 1, 1996 start date.)	\$531,600

ATTACHMENT B

State of Wisconsin Investment Board Proposed Structure - 98.5 FTE Including Audit Committee Legislation & March Supplemental Resource Request

March Supplemental Resource Request
Audit Committee Legislation





STATE REPRESENTATIVE
Barbara Linton

Member: Joint Committee on Finance and Legislative Council

April 25, 1996

Representative Ben Brancel, Co-Chair
Joint Committee on Finance
Lower Level - Room 2
119 Martin Luther King Jr. Blvd.
Madison, WI 53707

Dear Representative Brancel,

I am writing in response to a request from the State of Wisconsin Investment Board for additional positions and funding.

On April 8, 1996 offices of Joint Finance Committee members received a 16.505/515 request from the State of Wisconsin Investment Board regarding the addition of 8.0 FTE positions and supplementary expenditure authority of \$667,500 PR. I request the Committee meet formally to consider this request.

Thank you for your consideration. Please do not hesitate to contact me if you have any questions or concerns.

Sincerely,

Representative Barbara J. Linton
74th Assembly District

STATE OF WISCONSIN

SENATE CHAIR
TIM WEEDEN

119 Martin Luther King, Jr. Blvd.
Suite LL1
P.O. Box 7882
Madison, WI 53707-7882
Phone: (608) 266-2253



ASSEMBLY CHAIR
BEN BRANCEL

119 Martin Luther King, Jr. Blvd
Suite LL2
P.O. Box 8952
Madison, WI 53707-8952
Phone: (608) 266-7746

JOINT COMMITTEE ON FINANCE

Date: June 3, 1996

To: The Members, Joint Committee on Finance

From: *John Montgomery (for) Dan Caucutt*
Dan Caucutt, Secretary for s. 13.10 Actions

The next regular meeting of the Joint Committee on Finance under s. 13.10 is scheduled for Tuesday, June 18, 1996 at 11:00 a.m. on the First Floor of 119 Martin Luther King, Jr. Blvd.

The status of the committee's biennial GPR supplementation and loan appropriation [s. 20.865(4)(a)] is summarized on the attachment.

Twenty one items are currently scheduled for committee action, including two requests previously submitted to the Committee under section 16.515. In addition, there will be one or more reports submitted later.

The Governor's recommendations on the requests and State Budget Office analyses of them will be distributed to the members on June 11, 1996 along with the formal agenda. The Fiscal Bureau will distribute its own analyses of the requests. Materials in the June 11 distribution will be organized by tabbed section dividers marked with the Roman numerals in the upper-right corner of the attached requests.

The following is a summary of the items in the order that they will be heard on June 18, 1996.

- I. Consideration of the Governor's Partial Vetoes of the Joint Committee on Finance Actions Adopted at its April 16, 1996, s. 13.10 Meeting.

II. Ethics Board -- Jonathan Becker, Legal Counsel

WITHDRAWN
6/4/96

The Ethics Board requests a one-time supplement of \$12,400 GPR in 1995-96 from the Committee's appropriation under s. 20.865 (4)(a) to the Board's general program operations appropriation under s. 20.521 (1)(a) to fund contractual services related to investigations of possible violations of the lobbying laws and Ethics Code.

III. Department of Employee Trust Funds -- Tom Korpady, Administrator, Division of Insurance Services

The Department of Employee Trust Funds requests a supplement of \$290,700 SEG in 1996-97 from the Committee's appropriation under s. 20.865(4)(u) to the department's s. 20.515(1)(ut) Health insurance data collection and analysis contracts appropriation to continue development and use of the department's health care database.

IV. Department of Employee Trust Funds -- Dave Hinrichs, Executive Assistant to the Secretary and Joanne Cullen, Budget Director

The Department of Employee Trust Funds requests a supplement of \$336,300 SEG in 1996-97 from the Committee's appropriation under s. 20.865(4)(u) to the department's s. 20.515(1)(t) Automated operating systems appropriation to fund projects included in the department's information technology plan for 1996-97.

V. Department of Administration (DOA) -- Christopher Mohrman, Executive Assistant

The Department requests the approval of a proposed transfer of positions and funding from the Department of Public Instruction (DPI) to DOA to temporarily administer student financial aid programs, regulate proprietary schools and certify postsecondary institutions for the receipt of federal veterans' assistance.

VI. Department of Health and Social Services -- Dick Lorang, Deputy Secretary
Department of Industry, Labor and Human Relations -- Jean Rogers, Administrator, Division of Economic Support

The two departments request approval of their plan to allocate a reduction in base expenditures of \$1,406,200 GPR in 1996-97 as required in 1995 Wisconsin Act 27. Of the base expenditure amount, \$322,200 is allocated by the Department of Industry Labor and Human Relations.

The Department of Health and Social Services also submits its plan to meet the long term vacancy requirement in Act 27 to eliminate 21.93 FTE all funds positions and \$793,300 all funds by the end of the biennium.

VII. Department of Industry, Labor and Human Relations -- Jean Rogers, Division Administrator, Division of Economic Support

The department requests the transfer of \$5,470,200 GPR in 1996-97 from the Committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.445(3)(a) in the Department of Industry Labor and Human Relations for the operation of the Kids Information Data System (KIDS).

VIII. Department of Industry, Labor and Human Relations -- Jean Rogers, Administrator, Division of Economic Support

The department requests the transfer of \$1,126,500 GPR in 1996-97 from the Aid to Families with Dependent Children (AFDC) benefits appropriation under s. 20.435(4)(d) in the Department of Health and Social Services to the appropriation under s. 20.445(3)(df) in the Department of Industry, Labor and Human Relations to provide additional child care funds for the Job Opportunities and Basic Skills (JOBS) program.

IX. Department of Health and Social Services -- Joe Lekan, Secretary

The department requests the transfer of \$530,600 GPR in 1996-97 from the Committee's appropriation under s. 20.865(4)(a) to the appropriation under s. 20.435(3)(cw) in the Department of Health and Social Services for activities related in the termination of parental rights for children in the Milwaukee child welfare system.

X. Higher Educational Aids Board (HEAB) -- Valorie T. Olson, Executive

The Higher Educational Aids Board (HEAB) requests the approval of a proposed interstate agreement between Southwest Technical College and Northeast Iowa Community College, as required under s. 39.42.

XI. University of Wisconsin-Madison -- John Torphy, Vice Chancellor for Administration

The University of Wisconsin-Madison requests the approval of position and funding transfers related to the restructuring of the University of Wisconsin Hospitals and Clinics (UWHC) into the UWHC Board and UWHC Authority.

XII. University of Wisconsin System -- Margaret Lewis, Associate Vice President for Government Relations

The University of Wisconsin System requests several modifications to the 1996-97 GPR Budget Reduction Plan approved in September, 1995. The general program operations appropriation [s. 20.285(1)(a)] would be increased by \$36,057. The industrial and economic development research appropriation [s. 20.285(1)(as)] would decrease by \$14,500. The schools of business appropriation [s. 20.285(1)(em)] would decrease by \$20,000 and the minority and disadvantaged programs appropriation [s. 20.285(4)(a)] would decrease by \$1,557. The changes net to zero.

XIII. Public Service Commission -- Cheryl L. Parrino, Chairman

This item was submitted to the committee under s. 16.515 on April 5, 1996; the committee chose to schedule it for review at the June 18 meeting under s. 13.10.

The Public Service Commission requests approval of an increase in expenditure authority of \$3,420,000 PR in 1995-96 and \$8,000,000 PR in 1996-97 for implementation of the Universal Service Fund. This request would be funded from s. 20.855(6)(i), Miscellaneous Program Revenue. Revenues to this appropriation for the Universal Service Fund will be procured from direct assessments made on telecommunications providers as required by 1993 Act 496.

XIV. State of Wisconsin Investment Board -- Patricia Lipton, Executive Director.

This item was submitted to the Committee under s. 16.505/515 on April 5, 1996; the Committee chose to schedule it for review at the June 18 meeting under s. 13.10.

The State Investment Board requests approval of an additional 8.0 FTE PR positions and supplementary expenditure authority of \$135,900 PR in FY 96 and \$531,600 PR in 1996-97. This request would be funded from the s. 20.536(1)(k), general program operations appropriation. Revenues to this appropriation are received from charges to each of the trust funds managed by SWIB, based on the actual costs to manage each fund.

XV. Department of Development -- Thomas H. Taylor, Deputy Secretary

The Department of Development requests approval to transfer \$8,500 GPR in 1996-97 from the physicians loan assistance program repayments appropriation under s. 20.143 (1) (fe) to the physician and health care loan assistance programs contract appropriation under s. 20.143 (1) (fd) to increase funding for the contract with the University of Wisconsin Office of Rural Health for program services.

XVI. Wisconsin Conservation Corps -- Randall Radtke, Executive Director

The Conservation Corps requests release of \$150,000 GPR in 1995-96 reserved in the Committee's appropriation under s. 20.865 (4) (a) to the general enrollee operations appropriation under s. 20.399 (1) (b) to assist the Conservation Corps in funding an anticipated increase in the minimum wage without reducing the number of crews in service.

XVII. Supreme Court -- J. Denis Moran, Director of State Courts

The Director of State Courts, on behalf of the Supreme Court, requests a supplement of \$27,000 GPR in fiscal year 1995-96 and \$17,700 GPR in fiscal year 1996-97 from the Committee's supplemental appropriation under s. 20.865(4)(a) to the s. 20.625(1)(c) court interpreter fees appropriation to fund reimbursement to counties for court interpreters for indigent persons.

XVIII. Supreme Court -- Justice Shirley Abrahamson and J. Denis Moran, Director of State Courts

Justice Shirley Abrahamson and the Director of State Courts, on behalf of the Supreme Court, request position authority for 1.0 FTE GPR position beginning in 1996-97 for the Supreme Court. Funds to support this position would come from the Supreme Court Proceedings, General program operations, sum-sufficient appropriation under s. 20.680(1)(a).

XIX. Office of the State Public Defender -- Nicholas L. Chiarkas, State Public Defender

The State Public Defender requests approval to transfer \$64,900 GPR from the Legal Assistance Program administration annual appropriation under s. 20.550(1)(a); \$40,600 GPR from its Appellate representation annual appropriation under s. 20.550(1)(b); and \$755,000 GPR from its Trial representation annual appropriation under s. 20.550(1)(c) for a total of \$860,500 in GPR savings, to the Private bar and investigator reimbursement biennial appropriation under s. 20.550(1)(d) in fiscal year 1995-96 in order to offset a projected deficit in this appropriation.

XX. Department of Administration -- Dan Caucutt, Division of Executive Budget and Finance

The department requests approval pursuant to s. 20.004(2) of the Statutes -- subject to final review and approval of the Co-Chairs -- of updated summaries and schedules under s. 20.005(1), (2)(a) and (b), and (3) to be prepared by the Department of Administration

and the Legislative Fiscal Bureau, and to include the fiscal effect of all legislation enacted by the 1995 Legislature and any other actions, to date, of the Joint Committee on Finance which affect the appropriation summaries or schedules.

XXI. Department of Administration (DOA) -- Frank Hoadley, Capital Finance, Director

The Department of Administration, with the approval of the Governor, requests approval under s. 16.405(2) of the issuance of Operating Notes during fiscal year 1997 in an amount not to exceed \$250 million, to meet anticipated intrayear cash flow deficiencies.

Reports

R-1 Department of Administration Position Reports Required under s. 16.50.

Attachment

JOINT COMMITTEE ON FINANCE APPROPRIATION SUMMARY

[reflecting Committee actions through April 17, 1996]

	1995-96	1996-97	1995-97 Biennium
Biennial Appropriation Amount [s. 20.865(4)(a)]	\$11,368,000	\$26,797,600	\$38,165,600
<u>Reserved For:</u>			
H&SS - CARES Computer System for Econ. Support Progs. .	\$1,587,000	\$1,796,600	\$3,383,600
H&SS - KIDS Computer System for Child Support Enforcement	5,759,200	7,522,100	13,281,300
H&SS - AFDC Consolidated Child Care	870,900	885,700	1,756,600
H&SS - Child Care Administration	60,300	65,800	126,100
H&SS - AFDC Self-Initiated Child Care	76,400	63,600	140,000
WCC - Minimum Wage Increases	150,000	0	150,000
WI Institute for School Executives Payments	125,000	125,000	250,000
H&SS - Community Options Program Data Collection	50,000	0	50,000
H&SS - Self Suffic. First/Pay for Performance Waiver Progs. (Act 12)	2,337,000	2,986,600	5,323,600
H&SS - W2 Implementation (Act 289)	0	13,000,000	13,000,000
Sub-total Reserved Balance	\$11,015,800	\$26,445,400	\$37,461,200
<u>Releases from Reserved Balance</u>			
KIDS Computer System for Child Support Enforcement (10/26/95)	\$2,316,400	\$0	\$2,316,400
Self Sufficiency First/Pay For Performance Waiver Program (12/12/95)	2,274,300	2,986,600	5,260,900
H&SS - Community Options Program Data Collection (4/16/96)	0	50,000	50,000
H&SS - Self Suffic. First/Pay for Perf Waiver Progs. (Act 12) (4/16/96)	0	62,700	62,700
WI Institute for School Executives Payments (4/16/96)	250,000	0	250,000
Total Releases	\$4,840,700	\$3,099,300	\$7,940,000
Remaining Reserved Balance	\$6,175,100	\$23,346,100	\$29,521,200
Net Unreserved Balance Available	\$352,200	\$352,200	\$704,400
<u>Releases from Unreserved Balance</u>			
Judicial Commission-Judicial Council Meeting Expense (12/12/95)	\$10,000	\$10,000	\$20,000
UW System/UW-Extension Pay Plan Funding (12/12/95)	56,900	0	56,900
H&SS - COP Data Collection (4/16/96)	0	137,300	137,300
HEAB - Academic Excellence Scholarships (4/16/96)	85,400	0	85,400
Total Releases	\$152,300	\$147,300	\$299,600
Net Unreserved Balance Remaining	\$199,900	\$204,900	\$404,800
<u>TOTAL AVAILABLE</u>			
(Net Reserved & Unreserved Balance Remaining)	\$6,375,000	\$23,551,000	\$29,926,000



To Serve...

To Challenge...

With Pride

State of Wisconsin
Gov. Tommy G. Thompson

Executive Director
Randall J. Radtke

May 22, 1996

Board Chair
Kenneth Machran

Senator Tim Weeden, Co-chair
Representative Ben Brancel, Co-chair
Joint Committee on Finance
119 Martin Luther King Blvd.
Madison, WI 53707

Dear Co-Chairs Weeden and Brancel:

The Wisconsin Conservation Corps (WCC) respectfully requests the release of the Biennial Appropriation amount reserved for a minimum wage increase under 20.865 (4) (a) of the Wisconsin Statutes. The funds were reserved as a "down payment" by the committee and the full legislature to assist the Corps in handling an increase in the minimum wage without reducing the number of crews in service throughout Wisconsin.

Earlier this week three Congressional offices informed us that passage to increase the minimum wage was imminent and that the proposed two stage increase of ninety cents could be enacted by the time the Joint Committee meets on June 18, 1996. The current proposal under consideration in the House calls for the first stage of the ninety cent increase to go into effect July 1, 1996. The estimated financial impact of that increase in salary costs to the WCC during FY 97 is just over 330,000.00.

It is for that reason that I request, on behalf of the WCC Board, that the "down payment" reserve of \$150,000 be released by the committee and then be added to the WCC's 20.399 (1) (b) General Enrollee Operations budget line.

Thank you for your consideration of this request. I look forward to discussing it with you and other committee members on June 18.

Sincerely,

Randall J. Radtke
WCC Executive Secretary

cc:Mike Mahoney, DILHR

rr96-024

Wisconsin Conservation Corps
30 West Mifflin Street
Suite 406
Madison, WI 53703-2558